



## Senate

General Assembly

February Session, 2016

**File No. 81**

Senate Bill No. 27

*Senate, March 21, 2016*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

### ***AN ACT CONCERNING THE CONNECTICUT HEALTH INSURANCE EXCHANGE BOARD OF DIRECTORS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-1081 of the 2016 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective from passage*):

4 (a) There is hereby created as a body politic and corporate,  
5 constituting a public instrumentality and political subdivision of the  
6 state created for the performance of an essential public and  
7 governmental function, to be known as the Connecticut Health  
8 Insurance Exchange. The Connecticut Health Insurance Exchange shall  
9 not be construed to be a department, institution or agency of the state.  
10 The exchange shall serve both qualified individuals and qualified  
11 employers.

12 (b) (1) (A) The powers of the exchange shall be vested in and  
13 exercised by a board of directors, which, until June 19, 2013, shall

14 consist of twelve voting members. The appointment of the initial board  
15 members shall be as follows:

16 (i) The Governor shall appoint two board members, one of whom  
17 shall have expertise in the area of individual health insurance coverage  
18 and shall serve for a term of three years and one of whom shall have  
19 expertise in issues relating to small employer health insurance  
20 coverage and shall serve for a term of two years;

21 (ii) The president pro tempore of the Senate shall appoint one board  
22 member who shall have expertise in the area of health care finance and  
23 shall serve for a term of four years;

24 (iii) The speaker of the House of Representatives shall appoint one  
25 board member who shall have expertise in the area of health care  
26 benefits plan administration and shall serve for a term of four years;

27 (iv) The majority leader of the Senate shall appoint one board  
28 member who shall have expertise in the health care delivery systems  
29 and shall serve for a term of two years;

30 (v) The majority leader of the House of Representatives shall  
31 appoint one board member who shall have expertise in the area of  
32 health care economics and shall serve for a term of two years;

33 (vi) The minority leader of the Senate shall appoint one board  
34 member who shall have expertise in health care access issues faced by  
35 self-employed individuals and shall serve for a term of three years;

36 (vii) The minority leader of the House of Representatives shall  
37 appoint one board member who shall have expertise concerning  
38 barriers to individual health care coverage and shall serve for a term of  
39 two years;

40 (viii) The Commissioner of Social Services, the Special Advisor to  
41 the Governor on Healthcare Reform, the Secretary of the Office of  
42 Policy and Management and the Healthcare Advocate, or their  
43 designees, who shall serve as ex-officio, voting board members; and

44 (ix) The Insurance Commissioner and the Commissioner of Public  
45 Health, or their designees, who shall serve as ex-officio, nonvoting  
46 board members.

47 (B) On and after June 19, 2013, and prior to October 1, 2016, the  
48 board of directors shall consist of eleven voting members and three  
49 nonvoting members as follows: (i) The board members appointed  
50 pursuant to subparagraphs (A)(i) to (A)(vii), inclusive, of this  
51 subdivision; (ii) the Commissioner of Social Services, the Secretary of  
52 the Office of Policy and Management and the Healthcare Advocate, or  
53 their designees, who shall serve as ex-officio, voting board members;  
54 and (iii) the Insurance Commissioner and the Commissioners of Public  
55 Health and Mental Health and Addiction Services, or their designees,  
56 who shall serve as ex-officio, nonvoting board members. The  
57 provisions of this subparagraph shall not affect the terms of the board  
58 members set forth in subparagraphs (A)(i) to (A)(vii), inclusive, of this  
59 subdivision.

60 (C) On and after October 1, 2016, the board of directors shall consist  
61 of twelve voting members and three nonvoting members as follows: (i)  
62 The board members set forth in subparagraph (B) of this subdivision;  
63 and (ii) a retired insurance producer, who shall be a voting member  
64 appointed by the Governor and shall serve a term of two years. The  
65 provisions of this subparagraph shall not affect the terms of the board  
66 members set forth in subparagraphs (A)(i) to (A)(vii), inclusive, of this  
67 subdivision. As used in this subparagraph, "retired insurance  
68 producer" means an individual who (I) is no longer licensed as an  
69 insurance producer, (II) was in good standing with the Insurance  
70 Department at the time such individual chose to not renew or to cancel  
71 such license, and (III) has not been licensed as an insurance producer  
72 for at least one year immediately preceding the date of appointment to  
73 the board.

74 (2) (A) No board member shall be employed by, a consultant to, a  
75 member of the board of directors of, affiliated with or otherwise a  
76 representative of (i) an insurer, (ii) an insurance producer or broker,

77 (iii) a health care provider, or (iv) a health care facility or health or  
78 medical clinic while serving on the board of the exchange. For  
79 purposes of this subdivision, "health care provider" means any person  
80 that is licensed in this state, or operates or owns a facility or institution  
81 in this state, to provide health care or health care professional services  
82 in this state, or an officer, employee or agent thereof acting in the  
83 course and scope of such officer's, employee's or agent's employment.

84 (B) No board member shall be a member of, a member of the board  
85 of, a consultant to or an employee of a trade association of (i) insurers,  
86 (ii) insurance producers or brokers, (iii) health care providers, or (iv)  
87 health care facilities or health or medical clinics while serving on the  
88 board of the exchange.

89 (C) No board member shall be a health care provider unless such  
90 member receives no compensation for rendering services as a health  
91 care provider and does not have an ownership interest in a  
92 professional health care practice.

93 (c) (1) All initial appointments shall be made not later than July 1,  
94 2011, except the initial appointment of the board member specified in  
95 subparagraph (C)(ii) of subdivision (1) of subsection (b) of this section  
96 shall be made not later than October 1, 2016. Following the expiration  
97 of such initial terms, subsequent board member terms shall be for four  
98 years. Any vacancy shall be filled by the appointing authority for the  
99 balance of the unexpired term. If an appointing authority fails to make  
100 an initial appointment, or an appointment to fill a vacancy within  
101 ninety days of the date of such vacancy, the appointed board members  
102 may make such appointment by a majority vote. Any board member  
103 previously appointed to the board or appointed to fill a vacancy may  
104 be reappointed in accordance with this section. Any board member  
105 may be removed for misfeasance, malfeasance or wilful neglect of duty  
106 at the sole direction of the appointing authority.

107 (2) As a condition of qualifying as a member of the board of  
108 directors, each appointee shall, before entering upon such member's  
109 duties, take and subscribe the oath or affirmation required under

110 section 1 of article eleventh of the Constitution of the state. A record of  
111 each such oath shall be filed in the office of the Secretary of the State.

112 (3) Appointed board members may not designate a representative to  
113 perform in their absence their respective duties under sections 38a-  
114 1080 to 38a-1092, inclusive. The Governor shall select a chairperson  
115 from among the board members and the board members shall  
116 annually elect a vice-chairperson. Meetings of the board of directors  
117 shall be held at such times as shall be specified in the bylaws adopted  
118 by the board and at such other time or times as the chairperson deems  
119 necessary. Any board member who fails to attend more than fifty per  
120 cent of all meetings held during any calendar year shall be deemed to  
121 have resigned from the board.

122 (4) [Six] Prior to October 1, 2016, six board members shall constitute  
123 a quorum for the transaction of any business or the exercise of any  
124 power of the exchange. On and after October 1, 2016, seven board  
125 members shall constitute a quorum for the transaction of any business  
126 or the exercise of any power of the exchange. For the transaction of any  
127 business or the exercise of any power of the exchange, the exchange  
128 may act by a majority of the board members present at any meeting at  
129 which a quorum is in attendance. No vacancy in the membership of  
130 the board of directors shall impair the right of such board members to  
131 exercise all the rights and perform all the duties of the board. Except as  
132 otherwise provided in sections 38a-1080 to 38a-1092, inclusive, any  
133 action taken by the board under the provisions of sections 38a-1080 to  
134 38a-1092, inclusive, may be authorized by resolution approved by a  
135 majority of the board members present at any regular or special  
136 meeting, which resolution shall take effect immediately unless  
137 otherwise provided in the resolution.

138 (5) Board members shall receive no compensation for their services  
139 but shall receive actual and necessary expenses incurred in the  
140 performance of their official duties.

141 (6) Subject to the provisions of subdivision (2) of subsection (b) of  
142 this section, board members may engage in private employment or in a

143 profession or business, subject to any applicable laws, rules and  
144 regulations of the state or federal government regarding official ethics  
145 or conflicts of interest.

146 (7) Notwithstanding any provision of the general statutes, it shall  
147 not constitute a conflict of interest for a trustee, director, partner or  
148 officer of any person, firm or corporation, or any individual having a  
149 financial interest in a person, firm or corporation, to serve as a board  
150 member of the exchange, provided such trustee, director, partner,  
151 officer or individual shall abstain from deliberation, action or vote by  
152 the exchange in specific request to such person, firm or corporation.

153 (8) Each board member shall execute a surety bond in the penal sum  
154 of fifty thousand dollars, or, in lieu thereof, the chairperson of the  
155 board shall execute a blanket position bond covering each board  
156 member, the chief executive officer and the employees of the exchange,  
157 each surety bond to be conditioned upon the faithful performance of  
158 the duties of the office or offices covered, to be executed by a surety  
159 company authorized to transact business in this state as surety and to  
160 be approved by the Attorney General and filed in the office of the  
161 Secretary of the State. The cost of each such bond shall be paid by the  
162 exchange.

163 (9) No board member of the exchange shall, for one year after the  
164 end of such member's service on the board, accept employment with  
165 any health carrier that offers a qualified health benefit plan through  
166 the exchange.

167 (d) (1) With respect to the initial appointment of a chief executive  
168 officer of the exchange, the board of directors shall nominate three  
169 candidates to the Governor, who shall make a selection from such  
170 nominations. After such initial appointment, the board shall select and  
171 appoint subsequent chief executive officers.

172 (2) The chief executive officer shall be responsible for administering  
173 the exchange's programs and activities in accordance with the policies  
174 and objectives established by the board. The chief executive officer (A)

175 may employ such other employees as shall be designated by the board  
176 of directors, and (B) shall attend all meetings of the board, keep a  
177 record of all proceedings and maintain and be custodian of all records,  
178 books, documents and papers filed with or compiled by the exchange.

179 (e) (1) (A) No employee of the exchange shall be employed by, a  
180 consultant to, a member of the board of directors of, affiliated with or  
181 otherwise a representative of (i) an insurer, (ii) an insurance producer  
182 or broker, (iii) a health care provider, or (iv) a health care facility or  
183 health or medical clinic while serving on the staff of the exchange. For  
184 purposes of this subdivision, "health care provider" means any person  
185 that is licensed in this state, or operates or owns a facility or institution  
186 in this state, to provide health care or health care professional services  
187 in this state, or an officer, employee or agent thereof acting in the  
188 course and scope of such officer's, employee's or agent's employment.

189 (B) No employee of the exchange shall be a member of, a member of  
190 the board of, a consultant to or an employee of a trade association of (i)  
191 insurers, (ii) insurance producers or brokers, (iii) health care providers,  
192 or (iv) health care facilities or health or medical clinics while serving  
193 on the staff of the exchange.

194 (C) No employee of the exchange shall be a health care provider  
195 unless (i) (I) such employee receives no compensation for rendering  
196 services as a health care provider, or (II) the chief executive officer  
197 approves the hiring of such provider as an employee on the basis that  
198 such provider fills an area of need of expertise for the exchange, and  
199 (ii) such employee does not have an ownership interest in a  
200 professional health care practice.

201 (2) No employee of the exchange shall, for one year after  
202 terminating employment with the exchange, accept employment with  
203 any health carrier that offers a qualified health benefit plan through  
204 the exchange.

205 (3) Any employee of the exchange whose primary purpose is to  
206 assist individuals or small employers in selecting health insurance

207 plans offered on the exchange to purchase shall be licensed as an  
 208 insurance producer under chapter 701a not later than eighteen months  
 209 after such employee begins employment with the exchange.

210 (4) Any employee of the exchange may enroll in a group  
 211 hospitalization and medical and surgical insurance plan under  
 212 subsection (a) of section 5-259, provided the exchange reimburses the  
 213 appropriate state agencies for all costs incurred by such enrollment.

214 (f) The board may consult with such parties, public or private, as it  
 215 deems desirable or necessary in exercising its duties under sections  
 216 38a-1080 to 38a-1091, inclusive.

217 (g) The board may create such advisory committees as it deems  
 218 necessary to provide input on issues that may include, but are not  
 219 limited to, customer service needs and insurance producer concerns.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-1081

**INS**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill adds an additional member to the Health Insurance Exchange Board of Directors. There is no fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****SB 27*****AN ACT CONCERNING THE CONNECTICUT HEALTH INSURANCE EXCHANGE BOARD OF DIRECTORS.*****SUMMARY:**

This bill adds a retired insurance producer (i.e., agent) as a voting member of the Connecticut Health Insurance Exchange Board of Directors, as of October 1, 2016. The governor must appoint this member to an initial two-year term by that date; subsequent appointees serve four-year terms.

Under the bill, a “retired insurance producer” is a former insurance producer who (1) has not been licensed for at least one year and (2) was in good standing with the Insurance Department when he or she chose to cancel or not renew the license.

Starting on October 1, 2016, the bill correspondingly increases, from six to seven, the number of board members constituting a quorum.

The new member is subject to the same restrictions as current members. For example, board members cannot be employed by; consultants to; board members of; affiliated with; or representatives of (1) insurers, (2) insurance producers or brokers, (3) health care providers, (4) health care facilities, or (5) health or medical clinics.

The bill also makes conforming changes.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Health Insurance Exchange Board of Directors***

The board currently consists of two gubernatorial appointees, six appointees from legislative leaders, and two groups of ex-officio

members. The social services commissioner, Office of Policy and Management secretary, and healthcare advocate are ex-officio, voting members. The insurance, mental health and addiction services, and public health commissioners are ex-officio, nonvoting members. All of the officials may designate an individual to serve in their place.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 12      Nay 5      (03/03/2016)